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Subject: German Participation in
Spanish Industry

Report No: WSM-546

Date of Information: February-March 1951

Place Acquired: Spain, Madrid

Date Acquired: March-2 April 1951

Evaluation: C-3

Date of Report: 3 April 1951

Source: [redacted]

Source indicated.

1. ~~Source~~ ~~notes~~ that there have been several indications over the past year that certain German industrial and financial interests ~~were~~ ~~acted~~ ~~in~~ ~~building~~ ~~up~~ auxiliary activity in Spain. In some cases ~~they~~ ~~were~~ ~~in~~ ~~establishing~~ ~~what~~ ~~they~~ ~~call~~ ~~"technical bridge-~~

heads" through the renting of patents and licenses, and the loan of technical advice and know-how. Such procedures give the German interests openings which ~~will~~ ~~be~~ more fully exploited at a later date. In other cases the Germans ~~were~~ ~~still~~ ~~further~~ and ~~had~~ ~~made~~ ~~plans~~ to export surplus machinery to regions south of the Pyrenees for production purposes. Source claims that such of the planning in the latter connection is ~~in~~ ~~its~~ ~~initial~~ ~~stages~~, and detailed evidence of German capital contribution, the establishment of pilot plants, etc., is still ~~very~~ ~~meagre~~. Certain facts, however, lead him to believe that a displacement policy ~~(displace, etc.)~~ ~~is~~ ~~under~~ ~~serious~~ ~~consideration~~ ~~by~~ ~~German~~ ~~interests~~.

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2. As an example of the first type of renewed German activity, i.e. the renting of patents, etc., source cited the ~~case~~ involving ~~the~~ ~~patents~~ for the manufacture of "perlon" concluded by ~~the~~ ~~Urquijo~~ ~~Bank~~ ~~interests~~ with the German firm Vereinigte Glanzstoff. The patents were obtained through the agency of one HARTMANN, a German engineer under contract with the Instituto Nacional de Industria (INI) in Spain. The perlon is already being manufactured in Spain. Source also ~~says~~ that the German firm, St. Dieder, has concluded or is about to conclude a deal with the Spanish Montesa-Quijano steel interests. The deal allegedly involves patents for the manufacture of refractory material. ~~In addition~~ ~~he~~ ~~believed~~ ~~that~~ ~~the~~ ~~German~~ ~~auto~~ ~~firm~~ ~~Auto~~ ~~line~~ ~~SA~~ ~~is~~ ~~negotiating~~ ~~a~~ ~~deal~~ ~~with~~ ~~the~~ ~~Spanish~~ ~~Elizalde~~ ~~company~~ ~~whereby~~ ~~DM~~ ~~will~~ ~~join~~ ~~its~~ ~~technical~~ ~~assistance~~ ~~and~~ ~~manufacturing~~ ~~know-how~~ ~~in~~ ~~the~~ ~~manufacture~~ ~~of~~ ~~auto-~~ ~~mobiles~~ ~~in~~ ~~Barcelona~~.

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noted.

3. ~~Source~~ ~~notes~~ that a representative of the German Internationale Treuhand und Verwaltung Gesellschaft of Munich recently ~~arrived~~ ~~in~~ ~~Spain~~ ~~for~~ ~~the~~ ~~purpose~~ ~~of~~ ~~investigating~~ ~~the~~ ~~possibilities~~ ~~for~~ ~~an~~ ~~own~~ ~~or~~ ~~relative~~ ~~tie-up~~ ~~with~~ ~~Spanish~~ ~~industry~~ ~~than~~ ~~the~~ ~~instances~~ ~~cited~~. ~~The~~ ~~Treuhand~~ ~~was~~ ~~intermediary~~ ~~for~~ ~~various~~ ~~other~~ ~~German~~ ~~industrial~~ ~~concerns~~, ~~in-~~ ~~cluding~~ ~~Allgaier~~, ~~which~~ ~~specializes~~ ~~in~~ ~~wind~~ ~~power~~ ~~generators~~, ~~and~~ ~~The~~ ~~Treuhand~~ ~~representative~~ ~~offered~~ ~~said~~ ~~generators~~, ~~as~~ ~~well~~ ~~as~~ ~~metal~~ ~~working~~ ~~machines~~ ~~and~~ ~~machinery~~ ~~for~~ ~~the~~ ~~production~~ ~~of~~ ~~cellulose~~. ~~Treuhand~~ ~~Classification~~

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was interested not in the sale of the machinery ~~.....~~, but in the opportunity for capital participation. Source says that ~~.....~~ for the Allgaier wind power generators ~~.....~~ concluded with the Spanish Empresa Nacional de Hidrocarburos, ~~.....~~ is having

4. The first clear-out instance of undisguised German participation since World War II is the 25% interest of the German firm Phrix in the PEFASA, a Spanish artificial textile company with IBM participation. Phrix had had such an arrangement with PEFASA before the war, but had never carried it out, and the present arrangement can be regarded as a new one representing genuine capital participation. Going even a step further, the German baking powder company Oetker has purchased an old Spanish factory and will shortly begin the manufacture of baking powder and puddings in Spain.

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5. Other German firms which have recently sent representatives to Spain include the Kochtiefbau Gesellschaft, and the Warensegg Werke. The latter's representative returned to Madrid from Tangier in February. In addition, source says the Frankfurter Bank, which deals chiefly with the heavy and chemical industries in Western Germany, has shown considerable interest on behalf of its clients in the possibilities of capital participation in Spain and Spanish Morocco.

6. Among the personalities promoting closer German-Spanish industrial and financial ties are Otto SKORZENY, his "wife" the Countess FINKENSTEIN, and Johannes BERNHARDT, war-time head of SOPINDUS in Spain. SKORZENY was active in the Allkraft wind power generator deal, and BERNHARDT also played a role in the negotiations. Countess FINKENSTEIN, in her Berlin residence, is often seen with Wolfram KESSELS of the Bank für Handel und Industrie, who has been entrusted to make the arrangements for a visit to Spain by SCHACHT. The pretext for SCHACHT's trip was to be a series of lectures to Spanish bankers. Source believes, however, that SCHACHT may have been interested in Spain from the Urgüp point of view. The trip was completely organised, but was finally called off in late January, apparently upon the insistence of the Ministry of Foreign Affairs. BERNHARDT, who is now active in the Spanish movie industry, is interested in a deal with a German firm involving stove and hearth construction in Spain. He has made a definite arrangement with Madrid lawyer GARRIGUES (Inu), and with one PASO, an executive of the airline company Aviacion y Comercio, although source is not certain whether or not a contract has been signed for the German patents.

7. Source claims that Hans von ENGOEL of the semi-German firm Ibicus may also act as an intermediary for German firms seeking investment possibilities in Spain. (Source claims that ENGOEL has been entrusted with the mission of buying wolfram mines for German interests.) Hans LAZAR of the Compania Madrileña

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